

This letter responds to various questions regarding registration and taxation of vehicles, aircraft, and equipment. See 86 Ill. Adm. Code 130.101. (This is a GIL.)

September 19, 2003

Dear Mr. Xxxxx:

This letter is in response to your letter received by our office on April 15, 2003. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

Does IL charge sales tax on food? On new and used autos? On clothing?

Does IL charge an annual excise or property tax on non-commercial autos? Motorhomes (motor coaches, buses)? Small airplanes? Heavy equipment?

Are off-road equipment, such as construction equipment (dozer, etc) required to be registered in some way? If so, are they taxed?

Are there any differences in registration costs, taxes, on commercial trucks? Bonding required?

If one wanted an IL business license, does state require it to be completed by an attorney? (If so must he be licensed in IL?) Is bonding required?

Does IL require bonding if one applied for: motel business license; entertainment center; motor vehicle licensing; construction co. and-or contractor licensing?

Does IL, like many states, have a separate agency dealing with: motor vehicles; construction co.; contractors?

DEPARTMENT'S RESPONSE:

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See the enclosed copy of 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a

retailer. See the enclosed copy of 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to retain the amount of Use Tax paid to reimburse themselves for their Retailers' Occupation Tax liability incurred on those sales. If the purchases occur outside Illinois, purchasers must self assess their Use Tax liability and remit it directly to the Department.

All gross receipts from sales of tangible personal property (including automobiles and clothing) in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Food, drugs, medicines and medical appliances are not taxed at the normal rate of 6.25%. These items are taxed at a lower rate of 1% plus any applicable local taxes. See the enclosed copy of 86 Ill. Adm. Code 130.310.

The State of Illinois does not impose any annual excise or personal property taxes on vehicles, aircraft, or equipment. However, the Illinois Secretary of State's Office¹ may provide you with information regarding any registration fees for vehicles that are used on public roadways in this State. We recommend that you contact the Illinois Secretary of State's Office regarding the type of requirements applicable to off-road construction equipment. The Secretary of State's Office can also provide you with information regarding the registration costs for commercial trucks and other motor vehicles. Please also see the enclosed copy of FY Bulletin 2004-07 regarding the CDF sales tax exemption for second division motor vehicles that are subject to the Commercial Distribution Fee.

Airplanes, automobiles, trucks, and construction equipment are taxed in the same manner as other types of tangible personal property under the Retailers' Occupation Tax Act. Illinois also imposes a vehicle use tax on vehicles acquired by gift, transfer, or purchase (other than from a retailer). The tax rate is imposed in brackets for vehicles with selling prices of \$15,000 and above. For vehicles with selling prices below \$15,000, the tax is based on the model year of the vehicle. See 625 ILCS 5/3-1001 et seq. Please be aware that State of Illinois has enacted Public Act 93-0024 to impose an aircraft use tax on aircraft acquired by gift, transfer, or purchase after June 30, 2003.

The Illinois Use Tax is a tax imposed on the privilege of using, in this State, any kind of tangible personal property (including construction equipment, vehicles, and aircraft) that is purchased anywhere at retail from a retailer. In addition, the Use Tax Act provides that in order to prevent actual or likely multi-state taxation, the Use Tax does not apply to the use of tangible personal property in this State of tangible personal property that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another state in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other state. See 86 Ill. Adm. Code 150.310, enclosed. In addition, depreciation is allowed for out-of-State use. See the enclosed copy of 86 Ill. Adm. Code 150.110.

For information regarding the requirements for a Certificate of Registration to do business in this State and relevant bonding requirements, please see the enclosed copy of 86 Ill. Adm. Code 130.701. For information regarding the registration requirements for renting or leasing hotel rooms, please see the enclosed copy of 86 Ill. Adm. Code 480.110. The Department does not license construction contractors. For information regarding motor vehicle licensing, please contact the Illinois Secretary of State's Office.

You may find further useful information on the State's Internet Website located at <http://www.illinois.gov/government/state.cfm>.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.

¹ Illinois Secretary of State, 213 State Capitol, Springfield, Illinois 62706
<http://www.cyberdriveillinois.com/services>